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By Sharon Keeler
UNH News Bureau

DURHAM, N.H. -- While major U.S. corporations say they strategically manage their philanthropy programs to enhance the firm's business objectives, this philosophy is not always put into practice. A national survey published this week shows corporations are less likely to give to organizations that directly impact the bottom line, preferring instead to use their giving programs to improve image and community relations, and increase employee loyalty.

The study, published in the current issue of "Nonprofit and Voluntary Sector Quarterly," examines the corporate giving strategies of 226 large corporations in 20 manufacturing and service sectors nationwide. According to author Jerry Marx, University of New Hampshire assistant professor of social work, the results are surprising.

"The findings suggest that, while 86 percent of those responding said their company adhered to the principle that corporate giving should meet both recipient needs and corporate strategic objectives, they did not rank typical 'bottom line' objectives high in their strategy," says Marx.

Strategically managed philanthropy programs in this survey consider it most important that contributions benefit relations with the community and general public. The study also indicates that goals related to customer and shareholder relations are not high priorities. Expanding existing markets, developing new markets and increasing sales were less frequently rated important by respondents.

According to Marx, "This finding may reflect management's understanding that, for most companies, improved community, public and employee relations are much more realistic business goals to address through corporate philanthropy than, say, developing new markets."

Marx says how corporations direct their giving is further supported by the firm's organizational structure -- contribution managers were positioned in either the community relations, public affairs or corporate communication departments of their respective companies.

"Management in these units, in practice," says Marx, "may be less concerned with measurable returns than in other departments, such as marketing."

He also notes that few companies in the survey measure the direct impact of contributions on business goals, even though they say their giving programs are important to successful achievement of the business' strategic plan. Fifty-five percent of respondents say they "seldom" or "never" evaluate their contributions program, while only 17 percent say they "often" or "always" evaluate their programs.

"The few corporations that believed it most important that contributions benefit relations with shareholders and customers were more likely to be among the strategic philanthropy programs that evaluate the impact of their contributions on business goals," says Marx. "The reason may be that community or public relations is more intangible and, therefore, more difficult and costly to measure when compared to, for example, increased sales."

Marx says the study was also interested in the percentage of company contributions given to various community groups. Four major categories were used: arts/culture, civic/community, education, and health/human services. Arts/culture included beneficiaries such as libraries, public radio and television, and visual and performing arts. Civic/community included groups focusing on neighborhood improvement, crime prevention, environmental issues and job training. The education category included precollege education, higher education and university outreach. Health/human services included services like child care, elder care and drug and alcohol programs.

When strategically managed programs were compared to nonstrategic programs, a significant difference was found in giving to educational groups. On average, strategic philanthropy programs gave a larger percentage of the total direct contributions to educational institutions. This result is consistent, says Marx, with previous findings that showed education to be the top priority of this sample of strategic philanthropy programs.

Further, as no significant difference was found in health and human service giving between the two groups, a significant difference was found when United Way contributions were isolated. On average, nonstrategic philanthropy programs gave a larger percentage of their total direct contributions to United Way. This outcome, says Marx, is also consistent with previous findings, given the expressed desire of strategic programs to directly contribute to organizations and issues that are important to business goals.

While Marx says the study's results are somewhat limiting in that they focus specifically on "direct giving" programs, as opposed to foundation giving, they provide important insights for fundraisers, as well as those managing corporate philanthropy programs.

"Corporations want to do well (financially) by 'doing good,'" he says. "The danger is that unless companies can document tangible returns from their philanthropy programs, giving to certain groups, like human services, may be reduced in an increasingly competitive global economy."

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